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TO RUEHC/SECSTATE WASHDC PRIORITY 0209
INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHSK/AMEMBASSY MINSK 0212

UNCLAS MINSK 000115

SENSITIVE
SIPDIS

STATE FOR EUR/UMB
TREASURY FOR OFAC

E.O. 12958: N/A
TAGS: [PREL](#) [ETRD](#) [BO](#)
SUBJECT: BELARUS: LIKELY MISINTERPRETATION OF USG SANCTIONS: ACTION
REQUEST

¶1. (U) Please see action request para 6.

¶2. (SBU) Charge met April 10 with MFA Americas Department Director Sergey Rachkov at the latter's request. Rachkov provided a copy of a letter to the Belarusian Steel Works (BMZ) in Zhlobin from the American Petroleum Institute (API; see partial text para 4), indicating that API has terminated BMZ's certification status.

¶3. (SBU) API has concluded that USG sanctions affect BMZ. However, the Embassy has no information that the Belarusian State Concern for Oil and Chemistry ("Belneftekhim"), the entity designated on November 13, 2007, owns, directly or indirectly, a 50% or greater interest in BMZ. (Comment: It seems possible that the phrase "Republican Unitary Enterprise" has confused API; similar terminology is used to describe any number of state-owned companies in Belarus. End comment.)

¶4. (U) Partial text of April 7, 2009 letter to BMZ from API (API confirmed by phone to post that the letter was authentic):

REPUBLICAN UNITARY ENTERPRISE "BYELORUSSIAN STEEL WORKS"
PIPE ROLLING MILL
37, Promyshlennaya Str.
Zhlobin, Gomel Region 247210
Belarus

The API hereby informs you that it is terminating your certification status, effective immediately. When Republican Unitary Enterprise [sic] applied for certification, it signed a licensing agreement which states in part: "Licensee represents and warrants that Licensee is not located in, or under the control of, a national or resident of any U.S. embargoed country." Republican Unitary Enterprises has been listed in the U.S. Treasury regulations, and API has concluded that it is under the control of listed nationals of Belarus.

Effective immediately, REPUBLICAN UNITARY ENTERPRISE "BYELORUSSIAN STEEL WORKS" PIPE ROLLING MILL shall not use the API monogram on any products manufactured in your facility...Please return the previously issued API Monogram License and APIQR Certificates [for ISO 9001:2000, API SPEC Q1, and ISO/TS 29001] to our offices in Washington, DC.

¶5. (SBU) Rachkov handled the issue calmly and professionally, but he made clear that the API letter is causing some consternation among GOB officials, who in turn are choosing to misinterpret it as having policy significance. Charge reassured Rachkov that there had been no change in USG policy and noted that the letter was from a private, non-governmental institution. Charge encouraged the GOB and BMZ to follow up with direct inquiries to the Treasury Department's Office of Foreign Assets Control.

Action Request

¶6. (SBU) While the GOB pursues its own inquiries, post would be grateful for Washington confirmation that sanctions against Belneftekhim do not apply in this instance given the lack of information that Belneftekhim owns a 50% or greater interest in BMZ.

MOORE